

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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| In the matter, on the Commission's own motion, |) | |
| to require DTE ELECTRIC COMPANY and DTE GAS |) | |
| COMPANY to show cause why these companies |) | Case No. U-20084 |
| should not be found in violation of the Consumer |) | |
| Standards and Billing Practices for Electric and |) | |
| Natural Gas Service, R 460.101 <i>et seq.</i> |) | |
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At the February 5, 2018 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Sally A. Talberg, Chairman
Hon. Norman J. Saari, Commissioner
Hon. Rachael A. Eubanks, Commissioner

ORDER TO SHOW CAUSE

Background

Since DTE Electric Company and DTE Gas Company (collectively DTE) introduced its SAP C360 billing system in April 2017, the Commission Staff (Staff) has received an influx of customer complaints regarding the implementation of that system and learned that DTE was shutting off utility service allegedly in violation of the Commission's Consumer Standards and Billing Practices for Electric and Natural Gas Service (billing rules), Mich Admin Code, R 460.101 *et seq.* On December 20, 2017, in Case No. U-18486, the Commission, on its own motion, opened an investigation into DTE's billing and shutoff practices and directed DTE to file a report in that docket by January 22, 2018 (December 20 order). The Commission also ordered the

Staff to analyze the report and make recommendations addressing the issues identified in the order by February 21, 2018.

On January 22, 2018, DTE filed a report (January 22 report) in Case No. U-18486 containing information related to wrongful disconnection incidents and error rates related to the implementation of its C360 billing system, but later informed the Staff that the report contained inaccurate information and would be amended. In its January 22 report, DTE indicated that, in 2016, there were a total of 295 “wrongful disconnections” that were “based on billing and noticing issues.” The report further indicated that, from May through December 2017, there were a total of 252 “wrongful disconnections” out of a total of 101,745 customers who lost service due to nonpayment and a total of 18 “wrongful disconnections” out of a total of 653 customers who lost service due to lack of access to change the meter from analog to an advanced metering infrastructure (AMI) meter. Based on the information that DTE provided in this initial report, the “wrongful disconnections” that occurred from May through December of 2017 represented a wrongful disconnection error rate of .26%, which DTE represented was well within the industry standard wrongful disconnection error rate of between .25% and .65%.

However, on January 29, 2018, DTE filed an amendment and supplement to its January 22 report indicating the utility identified that a potential error regarding improper notice of shutoff of service for nonpayment occurred beginning December 1, 2017, through January 12, 2018. DTE confirmed that a defect caused approximately 5,000 customers, out of a total of 9,000 shutoffs, to lose utility service without receiving proper notification under the billing rules. In the amendment, DTE states that, on January 12, 2018, DTE identified a potential error regarding lack of proper notification for customers whose service was disconnected beginning December 1, 2017, through January 12, 2018. DTE explained that it provided initial notice of disconnection to customers but

not the follow-up notice prior to the disconnection as required by the Commission's rules. DTE further indicated that it restored service on January 13, 2018, to all 9,000 customers whose service was shut off during that time period, whether improperly or not, immediately after learning of the potential error. The Staff first learned of this error on January 25, 2018. Neither the initial report, nor the amendment, addressed the number of customers who had open complaints with the Commission and yet still had their service disconnected in violation of Mich Admin Code R 460.138(1)(h), despite the Commission's request for this information in its December 20 order.

The nature of the potential rule violations, combined with this pattern of inaccurate reporting and misinformation that DTE provided the Staff during its numerous discussions with DTE were factors that led the Commission to open an investigation into DTE's shutoff and billing practices on December 20, 2017. Given the latest information on the customers impacted by DTE's business practices, the Commission is now persuaded that a different response is necessary in order to prevent shutoffs in violation of the billing rules from reoccurring and to ensure information on which to base Commission's decisions regarding non-compliance is accurate.

The Commission is not confident that the problems identified so far have been resolved and remains concerned that additional shutoffs in violation of the Commission's billing rules may occur. This is of particular concern during the winter months when a shutoff of utility service could jeopardize the health and well-being of the utility's many customers. The Commission now concludes that an evidentiary/show cause hearing is necessary to examine the issue of DTE's alleged billing rule violations and to obtain accurate information regarding the nature and extent of the shutoff and billing errors that have occurred and whether they have been resolved. Towards this end, DTE is directed to file testimony describing the extent and nature of improper shutoffs that occurred from January 2017 to the present and to show cause why it should not be considered

to have violated any provision of the billing rules. The testimony shall focus on the shutoff of service (including the number of customers, date of shutoff, date of restoration, any customer communication prior to and after restoration of service); the number of improper shutoffs in each of the following categories: C360, AML, and Commission open informal complaints; how DTE identified the customers whose service was shut off improperly, what has been done to rectify each issue that resulted in improper shut off of service, whether DTE has provided any remedy to the affected customer, and whether DTE adhered to the billing rules in all respects. DTE shall cooperate fully in this investigation and the ongoing investigation in Case No. U-18486. The Staff shall continue its investigation into potential rule violations and audit the reliability of the information provided by DTE, and is not limited to specific dates or issues in its ongoing review.

A prehearing conference has been scheduled to take place before Administrative Law Judge Lauren G. VanSteel (ALJ) at 9:00 a.m. on March 2, 2018, and will be held in the Lake Superior Hearing Room at the Commission's Lansing offices located at 7109 W. Saginaw Hwy., Lansing, Michigan 48917. Because of concerns about the privacy of customer information or data in this case, the ALJ may wish to issue a protective order safeguarding the privacy of customer information and data filed in this docket.

THEREFORE, IT IS ORDERED that:

A. DTE Electric Company and DTE Gas Company shall file testimony regarding the extent and nature of improper shutoffs that occurred from January 2017 to the present and shall show cause by February 23, 2018, why DTE Electric Company and DTE Gas Company shall not be found in violation of the Commission's Consumer Standards and Billing Practices for Electric and Natural Gas Service, Mich Admin Code, R 460.101 *et seq.*

B. The Commission Staff shall continue its investigation into potential rule violations and audit the reliability of the information provided by DTE Electric Company and DTE Gas Company. The Commission Staff shall provide testimony regarding its findings in this investigation.

C. A prehearing conference has been scheduled to take place at 9:00 a.m. on March 2, 2018, in the Lake Superior Hearing Room at the Commission's Lansing offices located at 7109 W. Saginaw Hwy., Lansing, Michigan 48917.

The Commission reserves jurisdiction and may issue further orders as necessary.

MICHIGAN PUBLIC SERVICE COMMISSION

Sally A. Talberg, Chairman

Norman J. Saari, Commissioner

Rachael A. Eubanks, Commissioner

By its action of February 5, 2018.

Kavita Kale, Executive Secretary